

July 20, 1987

The Assembly met at 2 p.m.

Deputy Clerk: I beg to advise the Assembly that Mr. Speaker will not be present to open this sitting.

Prayers

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Mr. Goodale: Yes, Mr. Speaker. I rise under rule 11 to present a petition. It is signed by nearly 600 petitioners from some 44 Saskatchewan communities, many of them in my constituency of Assiniboia-Gravelbourg.

These petitioners are opposed to the elimination of the Saskatchewan dental plan for children, and they call upon the Government of Saskatchewan to reinstate that plan as it previously existed, and to rehire the dismissed dental therapists and assistants.

INTRODUCTION OF GUESTS

Mr. Muller: It gives me a great deal of pleasure today to introduce three people in the Speaker's gallery. One, of course, is no stranger to us, Craig James, who now is Chairman of Committees in the British Columbia Legislature, and with him is Glen Clark, the member for the Legislative Assembly from Vancouver East, and also James T. Rabbitt, who is the member from Yale-Lillooet. I got it right. I'd like all members to wish you a good stay in Regina and Saskatchewan, and I certainly hope you enjoy yourselves for the coming week.

Hon. Members: Hear, hear!

Mr. Goodale: Thank you, Mr. Speaker. I would like to make an introduction today of a former member of this Legislative Assembly who came before me in representing the constituency of Assiniboia-Gravelbourg for the years 1975 until 1978, and I know all hon. members will want to join me in welcoming back to this Assembly as a visitor today, Mr. Roy Nelson from Glentworth, Saskatchewan.

Hon. Members: Hear, hear!

Hon. Mr. Hepworth: Mr. Speaker, I'd like to introduce to you, and through you to the other members of the Legislative Assembly, some students that we have visiting in Regina today, actually as part of a summer studies program here. Seated in the Speaker's gallery, some 24 students from grades 3 to 10 and they, Mr. Speaker, are taking a summer studies course. They're gifted students at the Scholastica program at the University of Regina.

These students are from all over southern Saskatchewan: Estevan, Gull Lake, Webb, Kincaid, Rockglen, Broadview, Lipton, Cupar, Fort Qu'Appelle, Vibank, several from Regina, one from Saskatoon, and a couple from Swan River, Manitoba, I'm led to believe, Mr. Speaker.

Mr. Speaker, these gifted students represent our future

leaders, our future scientists, our future engineers, doctors, nurses, and business men and the business women of the future. I will be meeting with them after question period for some photos and some refreshments. I would also like to point out to the members of the Assembly that they are accompanied by Rita Hlady and Margaret Lipp who's special education here in the province of Saskatchewan. And I would ask all members to join with me in welcoming them to the legislature this afternoon.

Hon. Members: Hear, hear!

ORAL QUESTIONS

Funding for Universities

Mr. Prebble: Thank you, Mr. Speaker. My question is to the Minister of Education. Mr. Minister, during the budget debate in the Assembly on June 25, you made several statements about the importance of education, and on page 761 of *Hansard* you proclaimed:

... education is going to be the key to the future in this province.

Knowledge is what's going to separate the winners from the losers.

In light of that statement, Mr. Minister, how can your government justify creating a funding crisis at our universities which means that for the first time in the history of the University of Saskatchewan that university is going to be forced to turn away qualified students from the College of Arts and Science. Why would you doom these young people, many of whom have 70 per cent averages in graduating from grade 12, to be, in your words, "losers" in an age where knowledge is king?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: Mr. Speaker, our government, the essential question that the hon. member asks about is the question of accessibility - accessibility to our universities, our institutes, our post-secondary institutions. And certainly we are very much committed to ensuring that students do have access to post-secondary education institutions.

If one looks at the enrolment numbers over the past several years, they have constantly risen. They have constantly gone upwards, Mr. Deputy Speaker. I think that's a tribute to the system. As some would view that as a problem, I think it's a tribute to the importance that people in Saskatchewan view post-secondary education, and that more and more of our young people are having the opportunity to attend post-secondary education institutions such as universities.

Certainly the standards are being raised at the University of Saskatchewan from, I think 65 was the previous average that was required to enter first year Arts and Science, and that has now been raised. But as the member points out, it is not just good enough to talk. One must do something about yet increasing accessibility, and that's

exactly why, Mr. Speaker, we're embarking on the new blueprint for the future for our post-secondary institutions.

We're going to have our regional colleges have the mandate to deliver first- and second-year Arts and Science, not just in Saskatoon and not just in Regina, Mr. Speaker, but across this entire province. And, Mr. Speaker, to me what we're talking about here is province-wide accessibility for our young people.

Some Hon. Members: Hear, hear!

Mr. Prebble: Well, Mr. Minister, the demand for university services has been there from the students, but the funding hasn't been there from your government. And we haven't seen expansion in university services; we've seen a cut-back in extension services at the University of Saskatchewan and the University of Regina . . .

Mr. Deputy Speaker: Order. Order. Does the member have a question? When the Speaker is on his feet there is to be no talking in the House. I would ask the member from Quill Lakes to be quiet when the Speaker is on his feet.

Mr. Prebble: Mr. Minister, my question to you is - and I ask you again: if it's knowledge that will separate the winners from the losers, to use your words, how can you justify creating a situation in which, because of the underfunding that your government has provided to the universities, 160 qualified students are being turned away at the University of Saskatchewan, and another 350 are being forced to stand on a waiting list in which they may or may not get into that university? How can you justify that situation?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: Mr. Speaker, the hon. member questions our commitment to universities since we formed government in 1982. And the facts are these, Mr. Speaker, and we are proud of these facts.

For example, at the University of Regina our operating grant there is something in order of 40 million, capital 5.2. And what that means, Mr. Speaker, is we have spent more in one year than the NDP spent in their last six years of government. That's commitment, Mr. Speaker.

And at the University of Saskatchewan, operating and capital grants to universities between '82 and '86 were the highest in Canada at a 38 per cent increase, Mr. Speaker. And the share of the provincial budget directed to university funding, up by 20 per cent versus a 30 per cent decrease when the NDP were in government, Mr. Speaker.

It seems to me that these numbers back up our claim that we are committed to university education, and we have been leaders across this country and we will continue to be leaders, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Prebble: Final supplementary, Mr. Speaker. Mr.

Minister, when the New Democratic Party was in government there was never restriction on access to university education to young people.

Some Hon. Members: Hear, hear!

Mr. Prebble: Mr. Minister, my question to you is: the U of S has had to introduce enrolment quotas; tuition fees are up 10 per cent at our universities; you've cut back 1,100 spaces at our technical institutes; if, in an age when you claim knowledge is king and those who are denied access to education are going to be losers, why are you denying access to post-secondary education in this province? Why are you cutting back hundreds of opportunities for young people for spaces in our universities and in our technical institutes? Why are you undertaking such a policy, Mr. Minister?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: Mr. Deputy Speaker, the hon. member is clearly at error here. The facts are with our government, when he made reference to the technical institutes about the number of spaces cut-back, the facts, Mr. Deputy Speaker, is there are 1,700 more spaces at institutes this year than there were when the NDP were in power, and that's a fact, Mr. Speaker.

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: And it's also a fact, Mr. Speaker, that for 25 years in this province, for 25 years the University of Saskatchewan wanted to build an agriculture college, and for 25 years they waited and they waited and they waited and, Mr. Speaker, under our Premier, and because farming is the backbone of this province, and because we are the centre of excellence across the world in agriculture, that new agriculture college is going to be built in this province at the University of Saskatchewan, adding to the many fine institutions already there. That's commitment, Mr. Speaker, to the University of Saskatchewan.

Some Hon. Members: Hear, hear!

Justice Minister's Trip to Calgary

Mr. Brockelbank: Mr. Speaker, I'd like to direct my question to the member for Kindersley, the Minister of Justice. Can the minister tell the Assembly whether he was in Calgary, Alberta during the weekend of June 20, 1987? Did he travel to and from Calgary by government aircraft? And if so, what government business was involved in this trip?

Hon. Mr. Andrew: I anticipated this question. I understand one of the people from the *Leader-Post* was posing the same question.

The day in question I was in Calgary, I was meeting with an industry that is significantly interested in locating in Saskatchewan. It will be a significant industry in the province if all comes well. I was there . . . The hon. member from Saskatoon Nutana asks as Justice minister - I was there as the minister responsible for Economic Development and Trade, one that I do have.

I indicated as well that, anticipating the next question, did I travel by government airplane? I did travel by government airplane. My original intentions were to travel up there privately. However, because the fact that, not Agribition, Mexibition, whatever it's called - the Farm Progress Show was on, I was required to meet the evening before with the representative from Czechoslovakia and the Soviet Union.

I was also required to meet the next morning, Saturday morning, with the number three person from the Soviet Union, who is their equivalent to our Minister of Agriculture. As a result, and because of the requirement that I had to meet with that particular individual, I took the government airplane to Calgary on that particular time.

Mr. Brockelbank: Supplementary, Mr. Speaker. Did the minister's wife and children accompany him on the government aircraft to and from Calgary? And if so, what was their role in the government business you were on on the weekend of June 20?

Hon. Mr. Andrew: I was in . . . My wife and two of my children, I believe, accompanied me to Calgary. When I was in Calgary, I also attended to visit with my brother who happened to live there. I was making the trip to Calgary; they came along, as I understand that's perfectly natural. The airplane was going and they can come with me. That's been done many times in the past, and that was in fact done there.

Mr. Brockelbank: Supplementary, Mr. Speaker. Mr. Minister, are you aware that the trip sheet, which is the official government document for billing purposes within the government, states that the purpose for this trip was to attend a wedding? Can you explain that, and can you tell us how this wedding qualifies as government business?

Hon. Mr. Andrew: That is absolutely not true. I had a meeting set up to deal with a company in Calgary. I intended to go earlier. As I indicated to you, I didn't go earlier because of these particular situations. I had clearance to travel to Calgary. I made that very clear. I'm very above-board with that, and that's how it unfolded. What the trip sheet says - I don't know what the trip sheet says; I've never seen it.

Mr. Brockelbank: Further supplementary, Mr. Speaker. To the minister . . . I'll take a new question, Mr. Speaker, to the minister in charge of the . . . Oh, pardon me, I will take a supplementary.

Mr. Minister, if you had chartered an aircraft to fly yourself and family to and from Calgary, it would have cost about \$2,500, not counting overtime. At a time when the Premier - your Premier - is telling everyone that every dollar counts, do you see that kind of expenditure as contrary to the government's policy of restraint?

Hon. Mr. Andrew: Mr. Speaker, I indicated to the hon. member in his initial question that had this situation been different, I would have taken a private automobile and driven to Calgary. The problem that we had was as follows: that the Soviets were in town, of which I had to have a dinner with them the night before, along with the

Czechs, as well as entertaining the Soviets in the morning.

Now the members opposite might now see that as important. I was instructed by the Deputy Premier that this particular individual, who is number three to Gorbachev in the Soviet Union, who is the largest purchaser of agricultural products in the province, and it was felt by government that it was imperative that I was there. The Deputy Premier was involved at the same time with the Czechs, and somebody had to deal with these particular people, and that's exactly why the arrangements were as follows.

So it's not a question of me going to Calgary. The question was whether I stayed to deal with the Soviets. That was the decision that was taken, and I think it was the proper decision.

Conditions Covering Use of Government Aircraft

Mr. Brockelbank: New question, Mr. Speaker, to the minister in charge of the property management corporation. This is a new Crown corporation. It is responsible for the use of the government aircraft, the executive aircraft. Can the minister tell all Saskatchewan taxpayers whether he has changed the conditions which apply to the use of these aircraft since last October's election? And if so, what are the changes?

Hon. Mr. Taylor: Mr. Speaker, certainly I'm the minister in charge of the property management corporation, and the government air . . . Well, if you'd like the answer, we'll wait until you be quiet and we continue. And the government aircraft fall under that jurisdiction. The policy of use of the government aircraft by ministers is the same as it has been for some time.

Mr. Brockelbank: Final supplementary, Mr. Speaker, to the minister in charge of the property management corporation. What conditions do apply to the use of the aircraft, Mr. Minister? And who has to approve their use? Is it the individual minister, or the officials of the new Crown corporation?

Hon. Mr. Taylor: As the Minister of Economic and Trade indicated to you, there are circumstances where things come up, such as the meeting with the representatives from Czechoslovakia, that requires a minister to change his plans, as was his case, and have to use the executive plane. He used his discretion there. And that's a situation we do. The ministers are responsible for making the arrangements. I don't okay all the flights, as he says. He didn't see the flight sheet himself. But the minister made those arrangements and went on the flight on government business. And I don't think that's been any change in policy for a number of years.

Disposal of Moose Jaw Wild Animal Park

Mr. Calvert: Mr. Speaker, my question is to Minister of Parks, Recreation and Culture. And it deals with your government's attempts to give away the Moose Jaw Wild Animal Park, one of this province's oldest and best-known tourist attractions.

Within days of the announcement of your proposal, over 1,200 Moose Jaw residents signed petitions in opposition to your proposal. You've justified giving up this facility to a private developer on the grounds that the park costs the province money, which parks tend to do.

Can the minister tell the people of Saskatchewan how a private developer who has to make a profit will be able to get rid of the deficit without sharply increasing the gate fees or cutting the quality of the park?

Some Hon. Members: Hear, hear!

Hon. Mr. Maxwell: Mr. Deputy Speaker, the hon. member is saying that we've already given something away. Number one, we're giving nothing away. Number two, no offers have been made to anybody yet.

Mr. Calvert: Is the minister aware that the 540 acres that comprise the park were donated many years ago by the J.R. Green family on the condition that they would be maintained as a wild animal park, as a public park. Have you, Mr. Minister, checked to make sure that you have the legal right to turn over donated property to private developers?

Some Hon. Members: Hear, hear!

Hon. Mr. Maxwell: Mr. Deputy Speaker, the government of the day, right now, sitting here, is very interested in seeing the Moose Jaw Wild Animal Park continue precisely in that role for generations into the future. But Mr. Deputy Speaker, we can't condone in all conscience an expenditure - over-expenditure of some \$450,000 a year to operate that park solely for the benefit of the city of Moose Jaw.

We are looking to make the best deal possible so the park can continue in its current form, but we have to be fiscally responsible with the taxpayers' dollars.

Mr. Calvert: Mr. Deputy Speaker, final supplementary. I'll ask the question very specifically: do you have the right to sell the Moose Jaw Wild Animal Park?

Some Hon. Members: Hear, hear!

Hon. Mr. Maxwell: Mr. Deputy Speaker, according to the media reports which I have seen, the hon. member himself is in favour of public participation in this venture. I don't see why we're arguing back and forward. We're in favour; he's in favour.

Mr. Calvert: A new question, Mr. Speaker, again to the Minister of Parks, Recreation and Culture. He will be aware that I have been misquoted in the media twice, twice when I suggested . . . when the media suggested that I thought there was some merit in the government proposal. And secondly, the media suggested that I said we should get rid of the monkeys. The only monkeys I said we should get rid of are members opposite.

Some Hon. Members: Hear, hear!

Mr. Deputy Speaker: Order. Does the member have a

question?

Mr. Calvert: My question, Mr. Minister . . . Does the minister not agree that much of the surrounding Wakamow river valley development in Moose Jaw was done on the assumption that the park would continue in its present form?

Hon. Mr. Maxwell: Mr. Deputy Speaker, in answer to the organ-grinder from Moose Jaw, I'd just like to say that I don't really believe he was misquoted by the *Moose Jaw Times-Herald*; I think he got cracked over the knuckles by his caucus.

Collection of Payments on Farm Production Loan Program

Mr. Goodale: Thank you, Mr. Deputy Speaker. A question to the Premier in his capacity of Minister of Agriculture. I wonder if the Premier will confirm that the Government of Saskatchewan is now suing farmers in Saskatchewan to collect loan moneys under the \$25 per acre production loan program. And if that is in fact the case, can the Premier tell us how many of these loans are now in default in total? How much money in total is involved, and how many specific legal actions have been commenced to date?

Hon. Mr. Devine: Well, Mr. Deputy Speaker, I appreciate the hon. member giving me advanced notice of the question. I will get some of the information today and some of it I'll bring back as soon as I have it.

We have about \$1.05 billion loaned out to 58,000 farmers; 97 to 98 per cent of all the farmers have either paid back principal or interest, or have initiated discussions with the agriculture credit corporation.

Less than one-half of 1 per cent of the farmers did not qualify for the production loan program, and there has been no legal action initiated to date against those who responded to billing statements or to follow-up letters or to those contacts that have been to date. There are one 1 per cent - and I will get the exact number in a subsequent date - about 1 per cent that are in default that we are pursuing additional action with right now, and I'll provide that specific information as soon as I have it available.

Mr. Goodale: Mr. Speaker, I thank the Premier for that information. Mr. Premier, last week your Minister of Justice told us in the House that all Saskatchewan legislation relating to farmer/creditor relationships was under review and might lead to new laws in the next short while. And I believe your government has also spoken of some new policy initiatives to grapple with the overall problem of farm debt burdens in Saskatchewan. I wonder if you would think it advisable to wait for those specific initiatives to be forthcoming, either on the legal framework or on the policy side of the matter, before pursuing farmers in the courts under the production loans program.

Hon. Mr. Devine: Well, Mr. Speaker, I can say a couple or three things. First of all, we fully expect the money that has been lent out to be paid back, and I've

said that on several cases. Secondly, to ease the financial burden a one-year extension in principal was initiated so that the farmers could just respond in terms of interest. Similarly, Mr. Deputy Speaker, additional protection is provided through the Farm Land Security Board, the Counselling and Assistance For Farmers program, and the Farm Debt Review Boards.

Now when we put all those provisions together and as we review them, I can say that there will be some, some individuals in the province . . . I mean, I'm not sure, we're now at 97 or 98 per cent that have either paid, or talked to us, or are in the process, or a combination of things. But there may be a small percentage, and very small, that will not be able to and yet they're expected to, because if everybody doesn't pay, then nobody will want to pay. So we have to provide rules that are fair. We will treat them as fairly as possible. They have access to all other forms of assistance that are available throughout the province. And as we review any other modifications, I expect no matter what system we design - and we are looking at improving it all the time - that there will be some small percentage that will just not be able to participate in the long run, and we hope that is as small as possible.

Mr. Goodale: Mr. Deputy Speaker, yes. Mr. Premier, to be fair and to recognize the severe financial distress that some farmers are in, will the government at least introduce legislation that would specifically render the Agricultural Credit Corporation of Saskatchewan subject to the Saskatchewan Exemptions Act, because court rulings earlier this year in Saskatchewan have found that the ACS (Agricultural Credit Corporation of Saskatchewan) is not bound by the normal reasonable requirements of The Exemptions Act that would apply to private sector lenders.

Hon. Mr. Devine: Well, Mr. Speaker, the government generally and even departments, are not always confined to the same Acts and to the same rules and regulations that the private sector may be. For example, if we can provide a billion dollars at 6 per cent money, and provide that assistance when farmers need it, we're quite prepared to do that, and it doesn't fall within the same rules and regulations that maybe the credit union has to come up with an extra billion dollars.

The same applies when we go to work - and I will have a ministerial statement that I'll be sending across in a few moments - to put together a billion dollars or more for farmers, in terms of cash that is coming out, that has never happened before. That is unique; it's apart from the rules and regulations that we normally see, and we're glad to be able to do that.

So I guess what I'm saying is that government often doesn't fall within the same rules that maybe other financial institutions do, and I'm not so sure that it ever will totally comply.

Closure of Pharmacy at Ile-a-la-Crosse

Mr. Thompson: Thank you, Mr. Deputy Speaker, and I direct my question to the Minister of Tourism and Small Business. And it concerns a threatened closure of the only pharmacy in the northern community of Ile-a-la-Crosse.

Last Friday, the Minister of Health assured the Assembly that the government was trying to find a way to keep this pharmacy open, since its closure would leave the regional hospital in Ile-a-la-Crosse without emergency drugs and also night stock. The 1985-86 *Public Accounts* show that your department, Mr. Minister, provided the owners of this pharmacy with \$60,000 in northern economic development grants to open drug stores in three northern communities, include Ile-a-la-Crosse. My question to you, Mr. Minister, is: what conditions were placed on those grants, and if this company leaves Ile-a-la-Crosse, how much of that \$60,000 will the taxpayers get back?

Some Hon. Members: Hear, hear!

Hon. Mr. Taylor: Mr. Deputy Speaker, I remember very well when we were attempting to bring a drug store into Buffalo Narrows, when I was minister of Health, the strong support from the member that questioned asking if there were certain incentives and grants that could be used to bring this service into that part of Saskatchewan. Now it seems to me that he seems rather concerned about that.

Mr. Deputy Speaker, as we heard the Minister of Health answer the other day in question period, there are ongoing negotiations and discussions that may bring a drug store into Ile-a-la-Crosse. The Health Department are piloting these. It may be that this government might put some incentives to bring a drug store into the town of Ile-a-la-Crosse, which would be an added health service to northern Saskatchewan, something that we support strongly. As to the terms and conditions of the grant that was given to the Phillips at Buffalo Narrows, I would have to take notice of that and report back to you, Mr. Member.

MINISTERIAL STATEMENTS

Accomplishments of Recent Agriculture Ministers Meeting

Hon. Mr. Devine: Mr. Deputy Speaker, I am pleased to announce to this Assembly that at the recent Agriculture ministers meeting in Quebec City, that all ministers of Agriculture in Canada - provincial and the federal - agreed the deficiency payment should be paid to farmers in the 1987-88 crop year.

The unanimous consent and agreement, Mr. Speaker, is particularly important for the farmers in Saskatchewan. The position put forward by the western premiers for at least as much money as last year, that is a billion dollars, was supported by the ministers of Agriculture from all the provinces, and indeed, the federal government.

Similarly, Mr. Speaker, I want to point out that the ministers also designed a new set of principles to be applied to future tripartite stabilization programs in Canada, and this is very significant at this time to ensure that Canada and all the provinces in Canada live up to our GATT (General Agreement on Tariffs and Trade), and our bilateral obligations and the OECD (Organization for Economic Co-operation and Development) principles to which we adhere.

An interim operating tripartite mechanism is to be designed for all provinces by the end of November of 1987. So what we will have, Mr. Speaker, are new rules for the long run, in terms of dealing with our international partners, and we've agreed to those. And we will have operating rules in the interim to allow all the provinces to get on board. And I was very happy to be part and parcel of a consensus on both the deficiency payment and our international obligations as they apply to agriculture in Canada.

Some Hon. Members: Hear, hear!

Hon. Mr. Blakeney: Mr. Deputy Speaker, we on this side of the House welcome the statement by the Premier and welcome the support of the agricultural ministers for a payment-out to farmers in Canada, including western Canada. We note it's called a deficiency payment. I don't think too much turns on the words used so long as the amount is appropriate and the formula for payment-out is appropriate.

We would hope that it would be somewhat more than last year. We recognize the problems faced by the federal government, wrestling with a major deficit. But we also recognize the fact that farmers have faced - grain farmers at least - have faced a substantial drop in market prices of the order of 20 per cent, and therefore any deficiency payment should be sufficient to make up that drop in market prices and pay out to farmers at least the amount that they received last year, over and above the drop in prices.

And I hope that the Premier will press, therefore, his fellow premiers and his colleagues at Ottawa to provide a sum of money which will be significantly greater than the approximately \$1 billion provided to Canadian farmers last year, in order to provide the same level of support, and to make up for the drop in market prices.

We welcome the direction that the ministers of Agriculture took with respect to seeing that any payments-out are consistent with our general agreement on tariffs and trade obligations - our GATT obligations. We on this side of the House are strong supporters of multinational trade. We believe that the health of the world economy will not be strengthened by bilateral arrangements between groups and then setting up tariff walls around the group, but only be effective multinational treaties guaranteeing freer trade.

We need a multinational solution, particularly for the problems now being faced by our grain farmers. And we therefore welcome the ministers of Agriculture moving in that direction.

We believe that the problems have been created by the United States and by a Europe pursuing heavy subsidies in opposition to free competition, and we, accordingly, regret the policies pursued by the EEC (European Economic Community) and the United States, and welcome a multinational approach through GATT to solve the problems faced by our farmers.

Some Hon. Members: Hear, hear!

INTRODUCTION OF BILLS

Bill No. 23 - An Act to amend The Rural Municipality Act

Hon. Mr. Hepworth: Mr. Deputy Speaker, for the hon. minister, I would move first reading of a Bill to amend The Rural Municipality Act.

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

Bill No. 24 - An Act to amend The Controverted Municipal Elections Act

Hon. Mr. Hepworth: On behalf of the hon. minister, I move first reading of a Bill to amend The Controverted Municipal Elections Act.

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

PRESENTING PETITIONS

Mr. Calvert: Before orders of the day, I would rise to table petitions that are signed by more than 1,200 residents from the city of Moose Jaw. These petitions are directed to the Premier. They object to the provincial government's handling of the Wild Animal Park. And they call upon the provincial government to maintain the Wild Animal Park in the provincial park system.

Some Hon. Members: Hear, hear!

ORDERS OF THE DAY

GOVERNMENT ORDERS

ADJOURNED DEBATES

MOTIONS

Constitution Amendment, 1987

Hon. Mr. Blakeney: Mr. Speaker, I want to pick up on what I said in my opening remarks, and I will do so under three broad heads: the content of the resolution; the importance of constitutional change; and the process of constitutional change.

I turn first to content. The part of the resolution that is most important in a political and public policy sense is the recognition of the role of Quebec in Canadian society. It is of paramount importance that the constitution of Canada have full legitimacy in Quebec as well as elsewhere in Canada. And here I speak not of black letter law, but of political reality - of what is in the hearts and minds of Canadians, in Quebec and outside Quebec. The resolution before us is a great stride forward in achieving this objective.

I turn to the Senate. Earlier I said that the resolution embeds in cement our present Senate, a body which almost nobody supports or will defend. It converts it from a haven of federal patronage to a permanent haven of

federal-provincial patronage. For the reasons I stated earlier, this is sad. I note that the Canadian Committee for Triple E Senate shares the same view. Speaking of the desirability of a Senate equally representative of all provinces, the chairman of that body, Mr. Brown, says this:

This amendment (referring to the Meech Lake amendment, the resolution which is before us) virtually assures that they, the smaller provinces, will never get the changes in the Senate they seek.

And chairman Brown is right.

I turn to immigration. The provisions respecting immigration raise questions as yet unanswered. There can be little quarrel with federal-provincial agreements on immigration; indeed, they've existed for some time. There can be little quarrel with any province seeking a share of new immigrants. There will be grounds for serious objection if any agreement between the federal government and one province could serve to limit the total number of immigrants who might come to the other provinces.

It has been suggested that this could be the result of an agreement along the lines of the Cullen-Couture agreements referred to in the Meech Lake accord, but not referred to in the resolution before us. I ask that a speaker on behalf of the government give a definitive statement on what is intended by the words in the resolution, as they relate to the earlier Meech Lake accord, and as they relate to this issue of immigration and the Cullen-Couture agreement.

Supreme Court. The Supreme Court should be constitutionalized, and this resolution does it and that's good. In my judgement this resolution is right when it provides for provincial participation in the appointment of Supreme Court judges; and wrong in the method it chooses.

For at least one province the process is one almost indistinguishable from provincial appointment. This is unwise and could potentially erode the power of the federal government. All Canadians, but particularly Canadians who live in the smaller provinces, have a strong interest in the federal government retaining its power and authority.

Certainly that's the case for Saskatchewan. There can be few provinces who look at the federal government for more support, for its economy and for services delivered, than does the province of Saskatchewan. A Supreme Court which is tilted in favour of provincial power, as opposed to federal power, has real dangers for smaller provinces like Saskatchewan, and for provinces whose economy is based upon international trade, like Saskatchewan.

I turn to the question of the entry of new provinces into Canada. The changes in the rules governing entry of the new provinces into our Confederation are unwise and unfair. The current constitution requires the consent of seven provinces, representing 50 per cent of the population, before a new territory can become a

province. I've heard no arguments and see no evidence to suggest that any change from the current proposal is either necessary or desirable - since the resolution proposes a unanimity rule, i.e., that all provinces must agree before any new province comes into Confederation. Since this rule is much more stringent than that met by any province which has joined Canada since 1867, it seems unjust to apply this new and much more stringent rule to the Yukon and the Northwest Territories and to anyone else who might be seeking status as a province in Canada at some later time.

I would hope that Saskatchewan would support any proposed amendment to the resolution before us to remove the unanimity rule which it imposes on the entry of new provinces - and here we think particularly of Yukon and the Northwest Territories - into the Canadian confederation.

I turn now, Mr. Deputy Speaker, to shared cost programs, and I will speak in the same breath with respect to the transfer of legislative jurisdiction from provincial governments to federal governments. That's also referred to in the resolution.

What Canada needs is a constitutional provision which allows the federal government to initiate shared cost programs in areas of provincial jurisdiction without allowing a major distortion of provincial priorities, or without the federal government setting rigid coast-to-coast standards.

Canadians want national programs in areas now or formerly in provincial jurisdiction, and we have to decide how we're going to achieve this. We have to decide whether we're going to do this by transferring legislative jurisdiction from provincial governments to the federal government, or by having shared cost programs where the programs are paid for partly out of provincial taxes and partly out of federal taxes. There's no question that the public supports such programs. Support for programs like the Canada Assistance Act, hospital insurance, medicare, the Canada Pension Plan, are overwhelming, and were strong, Mr. Deputy Speaker, when those programs were launched.

As I indicated, we can achieve these results by a transfer of legislative jurisdiction as we did with the Canada Pension Plan, or we can achieve them by a shared cost program as we did with hospital insurance. I think it's quite unlikely that we would have either a national pension plan along the lines of the Canada Pension Plans, or a national hospital insurance program, without federal initiative. Certainly they would have started in one province or another, as the medicare and hospital programs did, as we well know. But they would not have spread from coast to coast and taken on a national flavour without federal intervention. They would not have become what they are now - a mark of being Canadian and a source of pride for Canadians from coast to coast.

Now there are apprehensions that the provisions of the resolution before us will make future initiatives along the lines of these shared cost programs less likely. And I think it is very possible that this will be the result. I hope not. At this stage of events, Mr. Deputy Speaker, I think all we can

say is that matters have been made more uncertain than they were before the proposals represented in the resolution before us were put forward. There is no question that whatever the impact of this resolution will be, it will be to make shared cost programs more difficult to bring into being - how much more difficult, we do not know - and we have imported, or will import, if this resolution is adopted all across Canada, an element of uncertainty.

I turn now to what is not in the accord. There is widespread regret that the accord does not advance the objective of dealing with the constitutional aspirations of Canadians of native origin. Since I and my colleague from Saskatoon Riversdale played a particular role in seeing that the 1982 constitution protected treaty and aboriginal rights, and since it's clear that future work was at that time indicated, I regret that the major constitutional change - the first one since 1982, the first major one - does not address this problem, doesn't advance the objective of meeting the constitutional aspirations of Canadians of native origin. My colleagues will touch further on this matter during the debate, and I will not, therefore, deal with it at length.

My colleagues, too, will raise other questions about what is not in the resolution before us, and the possible interpretations to be put on the absence of provisions dealing with, let us say, equality of men and women, and like matters. This will be further addressed by speakers from this side of the House.

I said that I would deal with the resolution under three heads: content, importance, and process. I have touched on matters of content. I have not repeated a number of my remarks when I spoke immediately following the Premier's introduction of the resolution, but I have touched upon matters of content which I think are important in the resolution.

I turn now to the significance, the importance of the resolution before us. The importance of the resolution is that it will serve in a symbolic way to complete the constitutional discussions and negotiations which proceeded during the 1970s and 1980s, and culminated in the 1982 patriation of the constitution. There never was a legal requirement that all constitutional change be agreed to by the federal government and all ten provinces. Nor was there such a requirement based upon the conventions of the constitution. The Supreme Court made that clear.

None the less, there was, and is, a strong belief that the consent of all provinces is desirable. Particularly is this true with respect to Quebec. Mr. Deputy Speaker, there is a widely-held belief that in 1867 confederation was a deal, a compact between what became Quebec and what became Ontario, Canada East and Canada West, or alternatively between what became Quebec and Ontario and Nova Scotia and New Brunswick. This "Compact" theory of confederation is well embedded in the literature and in the consciousness of historians and constitutional lawyers, particularly in Quebec and Ontario.

Now in a legal sense, it might not be true. In a political sense, it is at least partially true that confederation came

into being because of a deal, and ought to be changed only as a result of a deal. For reasons historical and reasons practical, there's a great deal to be said for getting the Government of Quebec to agree to patriation, and all that came with it, and all that followed it.

Since, as I referred earlier in my remarks in this debate, part of the history of Canada might be characterized as relations between French speakers and English speakers in this country, it is important that when we make a major change in the structure, the legal structure of our country, that there be a measure of agreement, a significant measure of agreement, from both of those groups. Nobody should underestimate the potentially key importance of the symbolic act contained in this resolution.

Now speaking of its significance, I think the other major thrust of the resolution is to make Canada a more decentralized federation. Insofar as this reflects social policy, there are some benefits and some detriments to that direction. We have to balance off the erosion of national standards and the national identity which flows from the decentralization of policy makers - decentralization of policy making, excuse me, Mr. Speaker. We have to balance that against the benefits of flexibility and innovation which flow from that decentralization. And there are, clearly, pluses and minuses.

Insofar as economic policy is concerned, there are few pluses and many minuses. I am not suggesting, Mr. Deputy Speaker, that this resolution contains significant provisions which decentralize economic policy; that would only come about from subsequent decisions of the Supreme Court, which I would regret.

Insofar as economic policy is concerned, the Canadian economy needs more cohesion and more unity, not less, if we are to compete in a world of vigorous economics. And moves to decentralization of policy in the economic sphere, as opposed to the administration of those policies, are moves in the wrong direction.

Mr. Speaker, I turn to my third major head: process. From the foregoing, and from the Premier's remarks, you will have concluded that the resolution is important, complex, and leaves many questions unanswered.

From my discussion with interested members of the public, I conclude that the resolution and its implications are not understood by a large number of people, even of informed people in the community. In this regard I will quote almost verbatim from a paper circulated by Mr. Bill Brown, the chairman of the Canadian Committee for a Triple E Senate, and this is representative of many comments made by bodies who are concerned about the implications of the resolution before us. And I quote from Mr. Brown's paper:

It must be admitted that the process by which the accord was developed leaves a good deal to be desired. The process has all the characteristics of a back-room deal - secret arrangements, secretly arrived at, and then publicly announced as a *fait accompli*. Quite a contrast to Trudeau's approach,

which involved direct negotiations in front of TV cameras. Suspicions about how the accord was reached go far to explain the skepticism with which it is being greeted.

Mr. Deputy Speaker, we all know that final agreements are unlikely to be arrived at in front of a TV camera. But the preliminary negotiations over a lengthy period of time, which preceded the 1982 accord, and the televised hearings of the parliamentary committee on the parliamentary resolution, served in the years 1979 and '80 and '81 to tell the public what the issues were, what the various approaches to them were, and what the implications of the proposed changes were. And that was important. It was important because Canadians had some idea of what was involved when we finally reached some sort of an agreement. All this has been lacking so far with respect to the Meech Lake accord, and I think this is a grave flaw.

I believe, and believe strongly, that there should be public debate. There can be few more important matters affecting the future of a country than constitutional change. Nor can the public be expected to inform themselves on these somewhat arcane matters unless there is a conscious and sustained effort on the part of governments to make the public aware of the issues. Now that was done before. It is my submission, Mr. Deputy Speaker, it is not being done with respect to the Meech Lake accord.

There are to be hearings, federal hearings in Ottawa, and hearings in Ontario and Manitoba and New Brunswick. There could well be other hearings or public debate. We're likely to have quite a bit of conversation on this yet. Most legislatures will not deal with the resolution for many, many months. There's a three-year period to deal with it, and there's accordingly no rush in dealing with it. Many legislatures don't even meet before next spring, and therefore will not turn to the resolution until then, and perhaps not until some time after then.

(1500)

There's every indication that this is true with respect to the Manitoba legislature, which I believe is scheduled to meet next February or March, and this is true, as far as I'm aware, with respect to the Nova Scotia legislature and with respect to a number of others.

There is no reason for the House to proceed to vote on the resolution in the next few days or weeks, and every reason why we should allow Saskatchewan people to have the benefit of public hearings and public debate here in this province and elsewhere before their representatives are asked to vote on this resolution.

Some Hon. Members: Hear, hear!

Hon. Mr. Blakeney: Now, Mr. Deputy Speaker, I propose public hearings in Saskatchewan. I don't know why they're not a good idea, and I will propose it formally in a moment. But even if there aren't public hearings in Saskatchewan, even if an argument can be mounted for saying we don't need public hearings in Saskatchewan, surely we ought to give the people of Saskatchewan an

opportunity to participate in and respond to the public hearings being sponsored by the Government of Canada, so that they can have some better understanding of the issues before they give advice and, in some cases, instructions to their members as to how to deal with this resolution.

As I recall a comment attributed to the Premier, he indicated that there was no point in having hearings in Saskatchewan because there would be hearings sponsored by the federal government at Ottawa. While I don't agree with that argument, the argument is meaningless if we are going to act before the public hearings at Ottawa take place and before people will have some opportunity to hear the issues discussed and respond to them.

It's a hollow right indeed to say to Saskatchewan people, oh, you can hear what is being discussed at Ottawa; you can even go to Ottawa and make your representations, but it won't have any effect in Saskatchewan because the matter's already been dealt with there. That is no way to deal with the public on a matter as important as constitutional change and as difficult for the public to appreciate the issues involved, as are the terms of the resolution before us.

Since there appears to be no pressing reason why Saskatchewan should vote on this matter many months before any legislature or parliament outside of Quebec has dealt with it, and since there's every reason why we in this legislature should give our citizens and our constituents the benefit of hearings and debate here in this province and elsewhere before asking them how we should vote on this matter, I propose to move a motion, Mr. Deputy Speaker.

I move, seconded by my colleague, the member for Riversdale, as follows:

that the paragraphing commencing with the words "now therefore" be deleted and the following be substituted therefore:

And whereas the people of Saskatchewan should have an opportunity to participate in, ask questions at, and make submissions to public hearings established for that purpose by the Government of Saskatchewan.

Now therefore, the Legislative Assembly of Saskatchewan resolves that a draft amendment to the Constitution of Canada, in accordance with the schedule hereto, be made the subject of public hearings in Saskatchewan, with the view to later consideration by this Assembly, the forum and arrangements for such public hearings to be determined by the Executive Council.

Mr. Deputy Speaker, I so move.

Some Hon. Members: Hear, hear!

Hon. Mr. Andrew: Thank you, Mr. Speaker. As Minister of Justice I was pleased to participate, along with the Premier, in the negotiations leading up to this

particular constitutional negotiation and leading up to this matter before the House today.

I'm also pleased to have seconded the motion by the Premier: that this Assembly resolve to authorize the proposed amendment to the Constitution of Canada, tabled in this House on July 9, 1987.

Mr. Speaker, I believe that the motion before this House, and before us, is not only a good motion but is the best possible motion that could have been obtained. And I say that, not because of its terms, but because of the process that led to this particular day.

This resolution was negotiated by 11 first ministers representing 11 equal partners in confederation. It represents a unanimous agreement about the fundamental nature of Canada that those 11 partners have never in the past been able to achieve.

In any difficult negotiation the best solution is that which all parties can adopt with honour, Mr. Speaker, and I believe that is the solution we have here today. It is not to suggest that the best means perfect. The constitution is by its very nature a complex and ambiguous document. It attempts to capture not only the essence of Canadian federalism but the fundamental rights and obligations of individual Canadians.

It is not now and can never be perfect. And that in my view is simply the wrong measure to apply to a constitution. The constitution must find that middle ground, the consensus where the differing needs and agendas meet. It is a compromise which must balance various and many interests. It must create structures that enable us to deal with the changing and unpredictable challenges that we will face, not only today but in the decades to come.

Mr. Speaker, the amendment to the constitution that we propose is, in fact, that middle ground. It represents a fine balance between the aspirations of the province of Quebec and those other provinces and the federal government. It must be judged as an integral part in which all provisions are related. I would, with respect, suggest to those who would criticize details that they are, in fact, missing the point. Each part of this bargain depends on each other part. That is the process which unanimity has achieved. If we are to attempt to change any part, we risk destroying the entire structure.

We cannot simply pick and choose when the process in which we are engaged involves 11 legislatures, each of which must authorize the amendment identical in detail. We must not miss this opportunity to conclude the business left unfinished in 1982. We must move on to pressing challenges that we face as a nation with the full participation, not of nine provinces, Mr. Speaker, but of all ten provinces.

I would also disagree with those who suggest the amendment is too ambiguous, that we don't understand what it means. The constitution is not the solution and can never be the solution to all the problems that we face as a nation and we face as provinces. It is a framework that enables us to deal with those problems, whatever

they might be. It is given its full meaning by the courts and by the manners in which governments and the people of Canada apply it to changing circumstances. This amendment creates such a framework, one which will enable Canadians, I believe, to meet the challenges that we face in the future.

That is not to suggest, Mr. Speaker, that we should not attempt to answer specific questions that have been raised by this Assembly, in particular by the Leader of the Opposition, both about the content and about the process that has been used to arrive at where we are today. Let me deal first of all, then, with the question of process.

The Leader of the Opposition says that public hearings must be held to enable the people to understand the proposed amendment. Now this is the same leader who, to his credit, was involved in a constitutional process in 1981 and, I assume - I'm making the assumption - 1971. At that point in time, that same individual did not see it necessary that we held public hearings within our province with regards to a change to the constitution that, I would argue, is significantly more dramatic than what we're seeing in this particular amendment today. We do not believe that public hearings are, in fact, necessary, Mr. Deputy Speaker.

This amendment has resulted from lengthy and delicate, very delicate, negotiations involving officials, ministers, and first ministers. Those negotiations have continued and, I think this is important to note, have continued a national debate that has been part of the national life of this country for decades.

The Meech Lake accord has been publicly and widely debated for almost three months. The full text of that amendment has been the subject of significant public scrutiny. Mr. Speaker, it is our view that no real purpose would be served by delaying our approval of this resolution by requiring formal public debate.

Public hearings, as I said, were not held in 1981 and 1982. The constitution does not call for such hearings. The opportunity and the responsibility for full debate on that particular issues does exist in this particular Assembly. Let us take that opportunity to discharge that responsibility. Each one of us in this House represents the interests of our constituents and represents the interests of the people of Saskatchewan. We are elected and sent here to deal with that particular matter and those particular matters. Clearly this is the debating forum of the province, and this is where this particular amendment should be debated, Mr. Speaker.

Secondly, the Leader of the Opposition would suggest that the recognition of Quebec as a distinct society implies that the rest of Canada somehow is a separate, distinct society. He suggested that we are instead, and should be, a country of several cultures. Mr. Speaker, that observation by the Leader of the Opposition we agree with.

This amendment does not make it otherwise, Mr. Speaker. In fact, section 16 of the proposed amendment specifically saves those provisions in the constitution relating to aboriginal people and to the multicultural

heritage of Canadians. And so the observation made by the Leader of the Opposition when he first moved this particular issue, I believe, is unfounded.

Third, it has been suggested somehow that Senate reform will be more difficult now to achieve because of the change in the amending formula. Again, we do not agree with that, Mr. Speaker. Senate reform affects the basic political institutions of this country. It could never be achieved without a truly national consensus on that question. This amendment recognizes that fundamental fact. The Leader of the Opposition recognizes this principle as it relates to support to the unanimity principle of the Supreme Court of Canada - another basic and fundamental federal institution.

Is it not true that therefore the Parliament of Canada is no less important as a federal institution and a fundamental institution in this country - that it should have the unanimity rule applied to it as well?

Mr. Speaker, Senate reform has never occurred in this country because, I suggest, the political will to change the Senate has never existed. This amendment creates an ongoing mechanism and the debate may, for the first time in fact, generate that political will necessary to make those changes. It requires that an annual constitutional conference be held. The agenda for those constitutional conferences will include the question of Senate reform and the entrenchment of that question in the debate.

Mr. Speaker, the second point on Senate reform is this: that Senate reform cannot be considered in isolation from other things that this amendment does to central institutions. Provinces will have the right to participate (a) in the appointment of the Senate, and (b) in the appointment of the Supreme Court of Canada.

They will be full partners, in two new entrenched institutions of federalism, and those are the annual first ministers' conference, one, on the constitution; and two, on the economy and other matters.

(1515)

These particular changes significantly change, I would suggest, the nature of federalism within this country and cannot be looked in isolation from the proposed changes to the Senate and how that might be arrived at.

The member from Cumberland has raised an issue privately to me with regards to whether or not these particular changes that relates to unanimous rules, as applies to the question of the aboriginal people, and the changes proposed by the aboriginal people to the native self-government. The member, as I understand the question that he posed is, does this change now mean that instead of seven provinces and 50 per cent rule, to get changes to aboriginal rights within this country it now must be unanimous consent.

The view of the legal people on that question is that it does not change the situation from what it was prior to Meech Lake. For the member from Saskatoon Fairhaven, I would hope that he would take that . . .

An Hon. Member: Fairview.

Hon. Mr. Andrew: Fairview, that that to his particular person.

Fourth, concern has been expressed by the Leader of the Opposition and the member from Assiniboia-Gravelbourg that guarantees to Quebec of a fixed proportion of the total Canadian immigration will result in fewer immigrants to the rest of Canada. That is, that if Quebec cannot fill its quota, the overall number of immigrants to the rest of the country will have to be reduced to maintain the appropriate balance. This is what has been referred to as the "Grossman question."

This matter was first raised in the Ontario legislature by Larry Grossman, the Leader of the Opposition in the province of Ontario. I am advised by the people and the framers of this particular Meech Lake accord that the proposed amendment does not deal with the terms of the agreement to be negotiated between the federal government and the Government of Quebec. That agreement is addressed briefly in the political accord signed by the first ministers. The accord does not require an agreement with such results. The terms of that agreement are yet unknown and will doubtlessly take full account of the needs of all parts of Canada.

For example, the specific problem raised by the Leader of the Opposition and the member from Assiniboia-Gravelbourg could be met by allocating separate but appropriately balanced quotas to Quebec and to the rest of Canada, leaving the responsibility to find acceptable immigrants to the appropriate jurisdiction. That would meet the terms of the accord and yet ensure that decisions taken in Quebec would not restrict immigration to the rest of Canada.

Further, the federal government has, and shall retain, responsibility and authority to deal with the national standards and objectives relating to immigration. That authority will enable them to meet the changing national needs and concerns in this area.

The Leader of the Opposition further raised the concern, as have some others, with regards to the federal spending power, and somehow this would reduce the power of the federal government to the point where we were in a dangerous situation with regards to federal spending power.

I think that is not in fact the case. When we come and look at this situation, what we were talking about is powers held by provinces where the feeds can superimpose their power upon us or encroach upon our area. And I think that is something, that it's my understanding of history, has always been a concern held by the provinces, that they do not wish to see this further erosion by the federal government into provincial areas.

The question then further and finally maybe becomes this, is that . . . And the points raised by, and the concerns raised by the leading opponents to this particular amendment, which is Trudeau and Chretien and some of the people that played in the constitutional debate of 1981, they say somehow this is not their version of this

country. But somehow we make a country that is no longer capable of being governed in an appropriate way. Somehow we make a country where the power at the central core of government is no longer adequate to properly govern us.

Mr. Speaker, I don't believe that by changing the issue as it relates to federal spending power makes us a weaker province. I don't believe the fact that we have a say now in how Senate reform will unfold, or who the Senator will be, is going to weaken us. I don't believe it makes us weaker as a country if you have 11 first ministers meeting together because the constitution says they must meet together, as opposed to whether or not the particular Prime Minister of the day thinks it's a good idea.

In the most recent three to four years, or three years, perhaps we've had a situation where we tried to again bring back the question of co-operative federalism from the days of Trudeau, where he believed that somehow you could run the country from the centre and that that would give us good government, and that's the proper way that we as a nation were founded. I don't believe that. And this, Mr. Speaker, allows us, as small provinces, to be part of that process, to be a greater part of that process than we have in the past.

I believe that with those, and the remarks by the Premier, the questions raised by the Leader of the Opposition, that I have tried to deal with them. We could debate this debate in this House endlessly. We could talk about the details of the resolution and whether or what might be the result upon people that come after us for ever and ever. I suggest that, quite frankly, Mr. Chairman, Mr. Deputy Speaker, that that serves no particular purpose.

I believe that this deal is a good deal, and I believe we have the only possible deal that we could get in this particular situation. This particular resolution has been supported by all three parties at the national level, by all three leaders at the national level. It has been supported by governments of the ten provinces, representing four different political parties, able to sit down and come together for a resolve as to how this might come together. And those were delicate negotiations, and those were intense negotiations at many times.

Should we, when that window of opportunity is there, not seize upon it, as members of this legislature, not seize upon it to bring Quebec into the constitution, to create a constitution that makes us stronger as a province, and thereby make us stronger as a nation? That's what this debate is about today.

Mr. Speaker, there is broad support in the political parties, and I suggest there is broad support in the public for this particular constitutional amendment. I would hope that we could see in this House a unanimous approval of this particular resolution.

This particular issue should not, and is not, one would hope, to be divided along political grounds, and just because one is a member of one party, and one is a member of another party, somehow that the debate should be based upon that, as it so often is in this Assembly.

I think each member should take seriously their job - that they were elected to come to this Assembly to look at things like the constitution when it comes - to make up their decision whether it's a good thing or a bad thing.

But let me say to the members of this Assembly on both sides of the House, if we seek to change this accord, if we seek to change the rules of this accord, what we risk is putting the accord off the rails - putting the accord off the rails, perhaps for another 10 years or 15 years or 20 years, so that we as a country continue then to battle between English Canada and French Canada, between Quebec and the other provinces.

And I think the opportunity which was lost in 1981, or maybe was never even there in 1981, has now been captured. I think it would be a tragic mistake if we seek to impose our little rule change, or little clause change, into this accord, running the risk of derailing the whole thing, that we do not do a service to this legislature and we do not do a disservice to this country.

Mr. Speaker, I would ask all members of this Assembly to vote for the resolution as proposed by the Premier. I would ask for the members of this side of the House to reject the amendment brought forward by the Leader of the Opposition. This is the debating forum. This is where it should be done. I would encourage all members to support the resolution advanced by the Premier.

Some Hon. Members: Hear, hear!

Mr. Koskie: Thank you, Mr. Deputy Speaker. I have listened with interest to the remarks of the Attorney General, the Minister of Justice. He indicated, and I took down some notes in respect to his comments, that in dealing with the amendments to the constitution, that it's complex document. It's a complex subject matter, and that we can agree with.

But he went on to indicate that there can be no change to what has been formulated by the Premier and the . . . by the Prime Minister and the premiers. But then he goes on to also say, which seems to me to be contradictory, is that this accord has broad public support.

I say to him, if he is convinced that it has broad public support, that he should be willing to adopt what we have put forward here, to allow the people of Saskatchewan to be more fully apprised of the contents and the impact of the amendments to the constitution as set out in the Meech Lake accord.

It seems to me that the minister can't have it both ways - one, that there's broad public support . . . And if that is so, what does he fear? Because obviously if it has broad public support, then there should be an understanding of the importance of having it proceed. On the other hand, he says that we can't make any changes, but at the same time throughout Canada we see, at least in substance that various provinces are indeed having hearings, and that was indicated by the Leader of the Opposition that some of the provinces have committed themselves to public hearings.

Is he saying to this Chamber here, in his self-righteous approach, that those provinces which realize the risk of destroying the whole by having any change, is he saying that those province are wrong in embarking on a process of hearings? There can be no other interpretation.

And further, there's a joint committee of the House of Commons and the Senate, which are in fact holding hearings in Ottawa with respect to any deficiencies, or at least allowing the public to have some input into the amendments of the constitution.

So I say to him, other provinces have put forward public hearings. Ottawa in fact are having public hearings through the House of Commons and the joint House of Commons and the Senate committee. And so I say to him that certainly, if that's the case in other provinces . . . Or is he telling us in fact that there is no real hearings; that it's just a sham, that the public and interested people, even in the House of Commons, that there's an agreement that there can be absolutely no change? Is that what he is telling us?

That doesn't seem to be the message we get from Ottawa or some of the provinces that are having hearings. And so I say to him that I think there's nothing to fear, if in fact it's defensible; if in fact there's broad public support, then he has nothing to fear by having hearings here in Saskatchewan. And that's what we are urging. I don't think that governments should be self-indulging to the extent of making a valuation that the public should be excluded from something so important, and which will affect the country in such magnitude.

And so what we are in fact, and as the Leader of the Opposition indicated, that what he wanted is some guarantee in respect to the process. It seems ludicrous that we wouldn't have, as the other provinces, some form of hearing. It seems even more ludicrous that they are having hearings in Ottawa with the joint committee of the House of Commons and Senate, and we are not going to have any hearings. It just doesn't seem to make any sense. And more importantly, it seems ludicrous that we would proceed before the hearings are completed in the House of Commons and the Senate committee that are having hearings in Ottawa.

(1530)

So I say to you, Mr. Deputy Speaker, that I think the motion, as moved by the Leader of the Opposition, has indeed substantial merit. I think the people of Saskatchewan will welcome the opportunity, and I think that the people of Saskatchewan will support our proposal to have public hearings, at least an opportunity to put forward any concerns that they have. And certainly there will be some very substantive concerns that we will be raising from this side of the House.

I want, Mr. Deputy Speaker, to say considerable more in respect this matter, and at this time I would beg leave to adjourn the debate.

Debate adjourned.

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Energy and Mines Ordinary Expenditure - Vote 23

Item 1 (continued)

Mr. Rolfes: Madam Minister, I was wondering whether you have reconsidered over the weekend to give us some answers to the estimates of Energy and Mines. That will be my first question to you. Have you reconsidered, and give us some answers to some of the questions I've asked you.

Hon. Mrs. Smith: Mr. Chairman, Friday before adjourning, I believe, I had given a commitment to the hon. member opposite, Saskatoon South, upon their request that this be tabled. I had also indicated that parts of various agreements could not, and I gave the reason why. I had also said at that time that I would undertake to talk to the other parties to the agreement. And I have done that in directing the officials to contract both parties to the agreement to discuss the matter of the confidentiality clause and if, in fact, part of the agreement could be tabled.

Mr. Rolfes: Madam Minister, I wasn't specifically referring to the NewGrade upgrader. I will leave that aside for now. I would assume that most of those agreements will be tabled, but I want to pursue that at another time. I want to give you a little more time to pursue that with the other parties because I don't think you've done it in detail.

My understanding of the agreements are that except for a very small portion of it where in the operating agreement, the agreements between two parties NewGrade and CCRL, where you have specific numbers as to the costs of the products and so on would jeopardize their competition with other companies - and I can fully appreciate that; I'm not so concerned about that - I think you can certainly take that out of the agreement and make the rest public. But I want to pursue that at a later date.

I was talking more in general terms. I had asked you for information on various topics the other day. And I was wondering whether you would make those available to me today? I think I asked about a half a dozen questions. I can go through some of those for you, but I was wondering whether you had those available for me today?

Hon. Mrs. Smith: Mr. Chairman, a review of the *Hansard* record indicated you had asked for three things, the first one being a comparison of the crude oil production. And it is here by royalty tax category for 1982 and 1986. And if I could have that sent to the hon. member from Saskatoon South.

The other question that you asked, Mr. Member, was: what would happen if there had been no policy changes? We are still in the process of completing that. I do not have it for you this afternoon. And the third one that we could find on the record related to a NewGrade question.

Mr. Rolfes: I had also asked: what were the concessions that had been given up by your government,

the federal government, and the Alberta government? In general terms, I wonder if you could give me the concessions that were made to the oil industry insofar as Marcel Masse's 350 million, PGRT (petroleum and gas revenue tax) being taken off; the Alberta government's concessions to the oil industries; and your concessions to the oil industries? What dollar value would that amount to on the concessions that were given?

And I don't want it to the nearest 10 million; if you can give it to me to the nearest 100 million, I'll be happy, because they amount into the billions. And I was wondering whether you'd give that to me . . . Certainly you must have had discussions with the federal government, and I know you've had discussion with the Alberta government. Can you tell me what those concessions amount to from 1982 to 1987?

Hon. Mrs. Smith: As I understand your question, and as it was put either Thursday or Friday in dealing with it, it was in the category of the question of what would happen if there had been no changes. And that's what we are preparing the information . . . it's a list of the policy changes, the incentives. I would not agree that these are concessions, but we are certainly going to provide you with a list of those policy changes.

Mr. Rolfes: Madam Minister, just so that we are very clear . . . and there were two specific questions; one relates purely to Saskatchewan. And what I wanted was, if you hadn't made no policy changes in 1982 and had simply continued with the policies that were in existence at that time, and oil production had remained at the same rate of 9.3 million cubic metres per year - I believe that's what the figure was - what would have been the revenues? Obviously there were price increases from 1982 to 1985, and then the prices went down. What I wanted was: what were the revenues that you would have received from the oil production? That was one specific question.

The other question was: what incentives - if you want to go with incentives rather than concessions - what incentives . . . What were the costs of the incentives to the oil industries by the three governments of Alberta, Saskatchewan, and the federal government because of program changes? You had the Western Accord, you had the PGRT, you had your own incentive programs. What were the concessions that were made? And surely in your discussions with the other two governments those figures must have come up somewhere along the line.

Hon. Mrs. Smith: Yes, I understand. And we will be dealing with the two components that you have raised. As it relates to other governments, Alberta, the federal government, and I believe Manitoba should be included because they have, more or less, looked at the same kind of incentives that Saskatchewan has put into place, and Alberta. I will only be able to provide you with the information that is public from the other respective governments.

Mr. Rolfes: Madam Minister, if you do include Manitoba, I want you to carve out then the various components. And the reason I'm asking for that is because Manitoba's will be so small. It has no bearing on

them because of the little oil that they have. If you do include Manitoba, I don't want later on not for us to get into an argument saying, well, that includes Manitoba.

What I want specifically is the concessions that have been made over the last five years, and of what benefits we, as the people are the owners of that resource, have received from those benefits. And we hear from you, Madam Minister, constantly, that they amount in the billions of dollars - the benefits that we have received. I want to know: have we received billions of dollars benefit when we have made billions of dollars concessions? And I don't know what those billions of dollars concessions are. But I do know that they amount in the billions because I have done some reading on it. But I don't think I have all the information that I need.

That's what I want you to give me in the next few days. It shouldn't be that difficult because I'm not asking you to do it within \$1 million or even \$10 million. You know, give me something that we can work on. And since you people don't worry about whether you are, you know, a discrepancy of 5 or \$600 million, or even a billion, I'm asking you to be within \$100 million or so anyway.

Now, Madam Minister, I did ask you a question the other day, and I want to be very clear on this: would you tell me today what the price, U.S. . . . what is the U.S. well-head price today of conventional oil? You must have that, or your ministers must have it, or your officials must have that - conventional oil - and will you also give me today the well-head price of heavy oil?

Hon. Mrs. Smith: Mr. Chairman, just to deal with the first part of the member's statement, that information will come to you by jurisdiction, so we wouldn't lump Manitoba into the other to perhaps confuse the issue.

The price of conventional, and this is the West Texas intermediate at Cushing, Oklahoma where it's sent, as of last Friday it was \$22. We do not have the specific dollar figure. We would have to derive from that what heavy oil would be worth.

(1545)

An. Hon. Member: Approximately what is it today?

Hon. Mrs. Smith: Maybe 15 in Chicago - maybe.

Mr. Rolfes: Madam Minister, having the well-head price, Texas well-head price being at \$22, would you today then re-estimate your estimates of all value for 1987? What would your . . . you said it would be \$309 million, I believe. What would you today say your value of the oil for 1987 would be? It must be considerably more. Obviously when you prepared your budget you did not consider \$22 as the average price. So what are you now estimating as the value for oil for 1987?

Hon. Mrs. Smith: The figure that we are using on the budget is an estimated figure of \$18.90. And I don't think that I would redo that estimate, based on one or two or even a week with the price of \$22, because we both know that it has been through a fairly good period of instability on that price. But no doubt it's a positive signal, you

know, that it has been a gradual incline.

Mr. Rolfes: I don't think any person with even elementary knowledge of the oil industry would have had to have a positive or an optimistic view when you are preparing your budget in beginning of June. No doubt about it. All the readings were from the financial world that the price of oil was going to go up.

Why did you target it at \$18 a barrel - 18.90 - when almost every economist that you talked to or read about was saying that the price of oil was going to increase, barring any intervention by OPEC (Organization of Petroleum Exporting Countries)? And that is . . . certainly no one can foresee that. But why target it at 18.90 when there was every indication to be optimistic?

I know that you were way out last year on your estimates, but that's another matter. I know why that was. There was a provincial election coming up and you had to take care of that. But the provincial election is gone. Why would you now not target it to the . . . more closely to what it probably will be over the year?

Hon. Mrs. Smith: Well first of all, Mr. Chairman, I don't agree that every economist has projected a very positive picture. There have been some that have said . . . There have been some that have very clearly said: don't project, based on 22 or 25, because of the instability factor and the period of time that they've been through.

That figure was based on the OPEC agreement. If that holds together, then obviously maybe our figure will be out. But given what they've been through the last year, I wouldn't say that OPEC, for sure, is going to hold together. And I believe that most people take that view.

You might also be interested to know that some other governments have taken a very, if I may use the word, small "c" conservative view in terms of looking at the price of oil, including the federal government. I believe they've projected for this year about \$17. So not every one has been looking at it in a positive manner, knowing the instability factor that has been within the industry for now a period of time.

Mr. Rolfes: I would challenge the minister to name me one economist that was pessimistic at the beginning of June. I don't think you're going to find very many. I'd like you to name those to me and give me the articles where they said that they were pessimistic at the beginning of June. I can well understand last fall, or last March, but certainly not by June when you were giving your estimates to the Minister of Finance. Obviously you would have to give them to the minister at that time because he said he couldn't prepare the budget for March because there were too many unknowns. One of them, I assume, was the estimates of the Department of Energy.

I would also say that it's not unrealistic for the federal government to underestimate. I would, too, if I were the Minister of Finance. He'll look much better at the end of the year when he's got his deficit down if the price of oil goes up considerably. It'll be less incentives that he would have to give to the oil industries and also the provincial governments.

Now, Madam Minister, I still want to ask you: what yardstick did you use at the beginning of June? Surely you can't go on OPEC. I mean, you have to assume that the OPEC agreement is going to hold. Because if you don't, then you have absolutely no basis to even use 18.90. You have to assume the OPEC agreement will hold and that there are not going to be any major changes in the international field as far as energy is concerned. What basis did you use to base your price at 18.90? Give me the parameters that you used.

Hon. Mrs. Smith: Well, Mr. Chairman, I've already told the member that it was based on the OPEC agreement. And I, in answer to the member, can only ask him: who does he think sets the price in the world?

Mr. Rolfes: I want to know what measure did you use? I mean, surely you can't just say; well, okay, OPEC says it's going to be at \$18. Did you have no indication whatsoever?

I mean you were very optimistic last December 23 when you put in your energy policy incentives to the oil companies. And at that time, I remind the minister, that you talked about \$20-price oil. And you said if it went to \$20 and you were optimistic that it would, that the policy would come off.

My next question to you is: why have you not changed that policy, or are you contemplating of changing that incentive policy, which you said you would change at \$20, and now oil is at \$22. When are you contemplating making some changes to that?

Hon. Mrs. Smith: When we were doing our budget, Mr. Chairman, much earlier than June - as the member would know, from being a cabinet minister back in the late '70s or early '80s, that a considerable amount of time goes into preparation of it - for Energy and Mines one of the factors obviously has to be forecasting, projecting, estimating, as most ministers of Finance will know.

I think if there has to be something specific that the member can look at to understand that, he only has to go back to 1981, when the then minister of Finance, the hon. member from Regina North East, in his projections was certainly not under, but was so far over, over-estimating what was going to happen, whether it was potash, oil, or other factors, that that then became a very difficult proposition.

In December when I announced the program - yes, it was with a degree of optimism, and I stated that. But the member only has to check some records to know that I also said "with caution." And I added that caution because of the instability within the energy world-wide. We look at many forecasts and studies in putting this together.

And certainly one of the factors is OPEC. And with the agreement that OPEC had, we had to lay out the question: will it hold? We don't know for sure. We also knew that OPEC was looking at staying with the price of \$18. That was the price that they wanted to reach and be able to maintain that without having another glut on the world

market and forcing the price down much lower. And I believe that that answers the member's question.

Mr. Rolfes: Madam Minister, with all due respect that does not answer my question. You haven't given me any specifics at all. If you have some studies, would you be prepared to table those studies in the House, as to what the forecasts were? What tables did you . . . What studies did you use that showed you that \$18.90 would be the average price for 1987? Could I have those? Would you table those studies or make those studies available to me?

I say to the Madam Minister, with all due respect, that you could not not take OPEC into consideration, because you have no control over OPEC. If the OPEC agreement does not hold all your estimates would be out, and I don't care what estimates you would put on it. So, I mean, you would have to assume that the OPEC agreement would hold. And I think that assumption we just have to say, all right, OPEC will stand; now, what will be the price?

And what I want to have from you is: give me the studies that indicated that 18.90 would be the price, the average price for oil in 1987. Would you table those studies for me either today or tomorrow? If you don't have them with you today, how about tomorrow?

Hon. Mrs. Smith: Yes, Mr. Chairman, I would be glad to send the member the oil pricing forecasts that we have.

In terms of OPEC, yes, we did assume that OPEC would hold, and if they were reaching a level, or trying to reach a level of \$18.00 - and that's where it was at - there's also a transportation factor over and above that, and consequently that's why the price is 18.90.

Mr. Rolfes: Madam Minister . . . And is that true that that forecast was still your estimate on June 1 of this year? I know probably in March, yes, 18.90 . . . was that still the forecast that your officials were telling you on June 1 of this year?

Hon. Mrs. Smith: Yes, Mr. Chairman, that's what was in there, June 1, and that's a price on average. I've related to you why we took that position. Certainly the price today gives us some reason for optimism, but I would not base something higher solely on one week or two weeks of a higher price.

Mr. Rolfes: Madam Minister, I can certainly appreciate the fact that you wouldn't base it on one or two weeks. My point is simply this, that I think your government intentionally is underestimating the revenues that you will be receiving from oil this year, and you're doing that because you want to re-establish the credibility of your government and the Minister of Finance.

The Minister of Finance is saying that the deficit will be 577 million, and by the end of next fiscal year, if the deficit is down to \$400 million, then he hopes by that he can re-establish his credibility. And therefore I say that you have intentionally underestimated the revenues that you will be receiving for oil so that you can re-establish your credibility which you lost last year when you overestimated the revenues and underestimated the expenditures for the government.

So, Madam Minister, I simply don't agree with you that you didn't have better estimates by June 1 which you could have informed the Minister of Finance. And as he told me earlier in the House when we had supplementary estimates, the budget did not go to the printers until about June 1, and I think that you would have had ample time to confer with the Minister of Finance in order to give him an up-to-date figure of the revenues that you expected to receive.

Madam Minister, I want to very quickly, or just ask you another question, and that's . . . and I want to get off of it then. I just . . . very simple question. I asked you the other day in the House, and we could have . . . maybe we misunderstood each other. I asked you at what price . . . Let me put it differently. What does the differential have to be between heavy and conventional oil for NewGrade to be viable? I've gone back to *Hansard*, and I want to know at what price, or what variance, do you . . . are you telling me that NewGrade can be viable?

(1600)

Hon. Mrs. Smith: Mr. Chairman, as I recall the discussion on Friday, it was on what makes a . . . what is the level of a successful project which, from my definition, included a return on its equity. For that to happen, the differential is seven dollars. If the project is simply to survive and pay its debts - just to pay its debt - then the differential was five dollars.

Mr. Rolfes: Okay, Madam Minister, that's what I thought you had said to me. I want you to - before we meet again, Wednesday or Thursday - please check out with some other officials or third parties to the agreement as to whether or not those are the correct figures. I'm not saying that you don't have the correct figures, but my understanding is that those are not the correct figures. And I will ask you the question again next time we meet as to whether or not those are the actual figures at which NewGrade will be viable.

And I want to make it very clear. Break even. At what point will NewGrade break even? All right? And so . . . And at what point will NewGrade not be viable? Do I make myself clear, Madam Minister?

Hon. Mrs. Smith: Mr. Chairman, just in order to clarify the question, I guess I would like to know what rate of return that you would expect on equity? Or do you even consider that a factor?

Mr. Rolfes: Madam Minister, I would assume if NewGrade at least keeps going, it's viable. Now I know if you are including a return on equity, I didn't ask that. I didn't ask that because then I will have to ask you what per cent do you expect to receive on your equity, and I'm not concerned about that. I want to know at what point will you shut it down, or will it shut down itself? So I want to know, what is the difference between heavy and conventional oil where the NewGrade upgrader will continue? And I don't think that we have the right figures from you.

Hon. Mrs. Smith: Well, Mr. Chairman, if the hon.

member if looking for the debt return payment, it is \$5. I've stated that before - \$5 pays its debt.

Mr. Rolfes: Are you including interest on that debt?

Hon. Mrs. Smith: Yes, Mr. Chairman.

Mr. Rolfes: What rate of interest are you asking?

Hon. Mrs. Smith: 10 per cent.

Mr. Rolfes: Madam Minister, I will leave that because I'll get back to that the next time we meet again.

Now, Madam Minister, I want to, before I forget, ask you some routine questions which I'm sure you have expected and I haven't got to yet in the estimates. I want you to provide for me as soon as possible:

1. The name, title, salary of each one of the Minister's personal staff. I want to know if any of these people have received a change in the past 12 months in their wages, and if so, what were these changes?

2. Do any of these people have a government care, or do they receive car allowances?

3. I want to have all of the out-of-province travel in 1986 by yourself, Madam Minister, and your staff. I would like to have the date, the destination, and the number of people on the trips, the purpose, and the total cost of those trips?

4. I would like to have the total in-province ministerial air travel in 1986-87, and I'd like to have the same details as in number 3 above.

5. In 1986, what costs did the department incur for: (a) polling that was done by your department; (b) advertising that you have been doing; (c) aircraft charter or lease; and (d) in each case of (a), (b), and (c) in number 5, I want the date, the purpose, the firm involved, and the cost?

6. Specifically, did the agency do any business in 1986-87 or to date in 1987-88, with Band City Aviation - Band City Aviation? I want the date, the purpose, and the costs.

7. With respect to the government-wide efficiency productivity study being done by Coopers and Lybrand, did this agency incur any costs related to their study in 1986-87, or thus far in 1987-88, and do you anticipate any costs for 1987-88, further on?

8. I want the names, the positions, of any staff terminated since October 20, 1986; total severance payments paid out in 1986-87 and in 1987-88. Okay. I want the names, positions, of any staff terminated since October 20, 1986; total severance payments paid out in 1986-87 and in 1987-88.

9. total amount paid by the agency to the property management corporation. (And I know the minister in charge right now anticipated this question and walked over to you and gave you some instructions. But if I were you I wouldn't listen to him and be open and give us the information.) I want the total amount paid by the agency to the property management corporation in 1986-87 and anticipated to be paid in 1987-88 for each year. For what purposes were these moneys paid?

Well, Madam Minister, my first question to you is: do you have any exceptions to these? And what information can, or will, you provide me?

Hon. Mrs. Smith: Mr. Chairman, I can supply the member with . . . His first question was dealing with ministerial office staff. That information I can send across now. I can give him the out-of-province travel, the purpose, destination, the number of personnel on trip, and the government costs.

I do not have the in-province travel here, but we will endeavour to pull it together and send that to you. We will need some time in looking up, I believe it was chartered aircraft?

An Hon. Member: Yes.

Hon. Mrs. Smith: Okay. I will also need some time to pull together the names of terminations. And I believe the date was October 20, from October 20 on. And I will not be able to supply the information or any kind of a breakdown as it relates to Coopers & Lybrand because I don't have that information.

Mr. Rolfes: Madam Minister, are you saying that you will provide me all the information except the number seven which is dealing with Coopers & Lybrand?

Hon. Mrs. Smith: Yes, that's true.

Mr. Rolfes: Madam Minister, why wouldn't you be able to tell me either no, there's been no expenditure by your department concerning Coopers & Lybrand, or what the government has assessed your department as it pertains to Coopers & Lybrand. Surely all departments must be assessed, or is it coming out of Crown management entirely, or where does it come out of? I don't know where it comes out of, really.

Hon. Mrs. Smith: Well, Mr. Chairman, the study is not completed at this time, and we have been assessed nothing. That is not to say that we may not in the future, but at this point in time we have received nothing.

Mr. Rolfes: Now, Madam Minister, I would expect that you hadn't. But you must, in preparing your budget - your obviously, if you expected to use Coopers & Lybrand, you must have put in an estimate as to how much you were going to expend in that particular area or how much the Minister of Finance, through treasury board, assessed your department as to what would be expended for

Coopers & Lybrand. There must be something in your department.

(1615)

Hon. Mrs. Smith: Well, Mr. Chairman, it would make it very difficult if the study has not been completed to know what's going to be assessed. We have not provided anything specifically as an item in our budget, and we will just have to wait to see what comes out of it.

Mr. Rolfes: Madam Minister, my understanding is there is an expenditure of \$500,000. Now surely the government must have put in an estimate somewhere. Are you telling me that nothing has been assessed against your budget as far as expenditures for Coopers & Lybrand are concerned?

Hon. Mrs. Smith: That's correct, Mr. Chairman. We have received nothing to date.

Mr. Rolfes: That's not what I had asked - not what I had asked. I'd asked: were you not assessed anything. Okay, fine. You're saying to me that you were not assessed anything in this fiscal year in your budget as it pertains to Coopers & Lybrand study. That's correct?

Hon. Mrs. Smith: That's correct, Mr. Chairman.

Mr. Rolfes: Thank you, Madam Minister. Madam Minister, the other day we talked about the oil industry being an engine for economic growth, and you had indicated to me that . . . but I'm not sure whether you had indicated to me whether you agreed with the former minister of Energy and Mines, the one that still retains some credibility. I'm not talking about the member from Weyburn, but I was talking about the member from Saskatoon Sutherland, and he often talked about the oil industry being the . . . I notice the member from Weyburn kind of enjoyed that one.

Madam Minister, the former minister of Energy and Mines, the member from Saskatoon Sutherland, former member from Saskatoon Sutherland, often talked about the oil industry being the engines for economic growth. And until I get some of the other answers from you, I won't be able to go into it in any detail. But what I want to say to you today is that that engine of growth simply hasn't happened in Saskatchewan. And if you go to Statistics Canada, you will find that our economic growth is one of the lowest in all of Canada.

Secondly - and that's a fact Madam Minister - secondly, the out-migration of people from Saskatchewan has never been so great since the 1930s. And the 1930s, as you well remember, we had also a government of your persuasion, the Anderson government. And there was a great exodus at that time, but we had the Great Depression at that time.

But I have before me not only Statistics Canada, which you wouldn't accept the other day, I have before me Saskatchewan statistics - Saskatchewan statistics. And, Madam Minister, from January of this year to June of this year, the number of people leaving Saskatchewan was 7,565. All right. That was a total - 7,565.

Now if you extend that for the year, then I really underestimated, because I said 12,000. You are looking at, I believe, somewhat around 15,000 people if the trend continues.

So I'm asking the minister, how can you defend all the concessions and the incentives that you have given to the oil industry, on the basis that it is to be the energy for economic growth, and on two very basic economic indices, that is, growth in the . . . economic growth, and in keeping the people employed in this province, you have not succeeded, or the oil industry has not succeeded?

Secondly, Madam Minister, would you also answer for me how you would - and you didn't the other day - defend it, or at least make an explanation, when Jim Chase, a well-known person who supports free enterprise in this province, says that, as far as he recalls, the private sector simply does not pick up the slack that is created by withdrawal of public funds, and if a government goes on restraint and cuts programs and cuts jobs, the private industry is very reluctant - very reluctant - to pick up that slack, and he - and I think I paraphrase him correctly - said that, in his experience, have never done so.

So would you tell the people of Saskatchewan how you defend giving up what I consider about \$1.5 billion of incentive which your government could have used to spur the economy and create jobs here for our people? How do you defend your policies when, as I've indicated, they have simply not worked?

Hon. Mrs. Smith: Well, Mr. Chairman, I recall our discussion quite well the other day. I would say to the member from Saskatoon South, first of all, he exaggerates the point that the oil field is an engine for growth for this province. It is one of them - one of them.

We, on this side of the House, take the view that all our eggs shouldn't be in one basket, as has happened in the past. And I hate to disappoint the member from Saskatoon South, but 1930 was before my time, so I'm going to have a little bit of a difficult time . . . (inaudible interjection) . . . Really, really. Let me send you my glasses instead of my hearing-aid.

Diversification, obviously when you are looking at resource development and industries as a whole, has to become a question to be addressed - diversification away from agriculture and diversification away from a totally based resource economy. I think we've had that in the past.

We certainly saw the effects of that last year when so much of government revenue was dependent on our natural resources, whether it was wheat, whether it was oil, potash, uranium. When the world market took a dive on oil commodities, it did not leave us in a very healthy position, nor with a lot of flexibility in coping with the various problems that the province was facing.

So in looking at it as one engine, not only an engine for growth in part, but also diversification, we take the perspective that in fact it has done its job. And I would ask

you to go back and look at some of the figures. And I'm going to go over them again because I think in fact they are important. And while that activity does not happen in all communities in the province, this spin-off is certainly there, whether you live in Saskatoon or Regina or perhaps Moose Jaw or Prince Albert.

We must disagree, Mr. Member, that, in fact, there has been \$1 billion lost or given away. That figure is totally inaccurate. I gave you the figure the other day that, in fact, since the policy change took place in '82-83, this province was, in effect, \$340 million ahead. I also took the time to send you the information that would have contained that point before estimates took place.

Now let me give you some more figures. You say, in fact, that those jobs haven't been there; it hasn't happened. I want to take you back to the year 1981. And I can go back further if you want, but I'll take that one, 1981. The direct and indirect jobs that were available with the energy industry, or more specifically the oil patch, at that time was 7,390. Now that's direct and indirect. In 1982 it was 7,770; 1982, it went up to 9,580; '84 it jumped by over 2,000; and in 1985 we had an all-time high of about 15,000. 1986, I've already informed you, we lost over 5,000 jobs and we stood to lose 5,000 more. 1986, the total employment was 9,160. Now that was in a disastrous year, and it is still almost 2,000 higher than the activity in 1981 under the old policy. 1987, we are estimating about 10,250 for this year. We've done some projections that will take us, in the long run, back over the 15,000. So when you say that it, in effect, has not worked, hasn't created the jobs nor the investment or the spin-offs, that is totally inaccurate.

If you would like to see, firsthand - and in fact, you have saw firsthand, I believe you were at Richmond one day, on the west side of the province.

An Hon. Member: I had a good time, too.

Hon. Mrs. Smith: It was a good time. But what it does for that community is what is important. The jobs that were created, the tax base for a very small rural community is added, and it is a diversification away from a traditional ranching and farming area. And I think you would agree that that is very positive.

The spin-off to the province is of course, down the road, increased revenues. And on that particular location we also run into another positive factor, and that is the self-sufficiency within our gas industry within this province, because that, in effect, was gas wells that you were out to visit that day, and NCO (North Canadian Oils) and its gas production in Richmond.

The number of wells that are capable of producing is an indication of the kind of activity that you are going to have, whether it's indirect or direct. And I would ask you to review the figures that I gave to you the other day, and that, I believe you have also. The wells capable of producing in 1981 were 11,072; 1982, they were 11,692; 1983, they jumped about a thousand, a little over 12,961; 1984 was a substantial increase with 15,004; 1985, 17,107. In 1986 we had 17,850 wells and that is an estimate figure, that is not an actual count yet.

We are estimating in 1987, or forecasting, that there will be approximately 18,900 wells producing.

Of course you know the standards by which the estimates take place on jobs; for every rig working there are a certain amount of jobs that take place, and with that, for every job direct there are also jobs indirect.

So those are some of the figures that one can look at, besides going to the communities where the activity . . . I would ask you perhaps to go down to Weyburn or perhaps to Kindersley, which had a very rough 1986, and you will find that many of the oil service and supply people - the welders, the truckers, the water haulers - are in fact starting to pick up. And that's a very positive sign that the program, the changes, have been effective.

Mr. Rolfes: Madam Minister, I conceded to you the other day, and I want to concede it again so that there's no misunderstanding, that your policies certainly created some flurry in the oil industry. No one denies that. Where we differ, Madam Minister, is that you gave up too much for that little activity in the oil industry.

And Madam Minister, I want to go back to you again . . . by the way, Madam Minister, I do want to apologize to you for, and to this House, for misleading . . . I read the wrong column on out migration. I was out by about 5,000. It was not 7,000, and I'm not surprised that the minister didn't comment on it, but the actual out migration from January to June . . . and I think your officials spotted that when I had made the error. The actual out migration . . . (inaudible interjection) . . .

And I want the member from Weyburn to hear this: the actual out migration from January to June of this year was 12,137. And now if that continues for the next six months, we will have an out migration of over 24,000 people. And this is, Madam Minister, Saskatchewan statistics that come out of your government, not out of the Government of Canada, which you didn't want to believe the other day.

(1630)

Now, I also want to be fair that there's been an in migration of 7,000. Those were the figures that I was reading. We will be looking at a minimum of 10,000 people leaving this province because, Madam Minister, your policies of creating employment for our young people, and not providing the opportunities, for example, for education . . . or the present Minister of Education is shutting down technical schools and universities and doesn't have the money which should be there from the energy sector, so he has to shut down our universities and our technical schools and our students.

I met one of my former students - I met one of more former students on Friday night in downtown Saskatoon. I said, what are you doing for the summer? He said, well I've got a job; I'm hoping to get into Arts and Science. I said, what do you mean, hoping? I thought you had a pretty good average. Well, he says, I've got a 72 average, but I can't get in; I'm on the waiting list. And I said, I don't believe that. He said, yeah, you've got to have a 74 average now to get into Arts and Science. Well I immediately thought

of that, well if that had been the case, the Minister of Education would never have been able to go to university.

But, Madam Minister, it is very clear from the evidence that there is, that your policies simply are not working in providing the economic activity in this province that we need. And what I'm saying to you is that the money that you have foregone because of concessions that you have given to the oil industry could have been used by the government to create that activity, not just in the oil industry sector of this province, but throughout the province of Saskatchewan. And not only would your economic activity and your gross domestic product have increased dramatically if you had put those incentives in throughout the province, but also you could have provided employment for our young people.

Madam Minister, I don't deny that there are spin-off effects. And everybody knows that for every job you create that there are going to be spin-off effects. But if you look at your own statistics on the bankruptcies that have taken place in this province over the last five years, and certainly over the last 18 months, I am saying to you, Madam Minister, that your policy of making the oil industry the engine of economic growth simply has not worked. It has not worked.

And if you are going to only listen, as the member from Cut Knife-Lloydminster said the other day, listen to the oil industry, if you're only going to listen to the oil industry, then what I am saying to you is that yes, you will give more concessions, more incentives, and you are not going to have sufficient revenues coming to the treasury in order to provide for the health care and the educational care that we need, and the social service care that we need in this province. If you give it all away to create activity, then you don't have the revenues necessary to provide those programs.

And I'm asking the minister now, two things. In light of the fact that oil is now at \$22 a barrel, are you giving serious consideration to changing your policy if that price continues for the next month? Are you now willing to reconsider your policy as you stated last December 23 that you would do? Will you reconsider the policy and make sure that adequate revenues flow to the treasury in this province?

Hon. Mrs. Smith: Mr. Chairman, the . . .

Mr. Chairman: Order, please. Order. The minister is trying to answer the question.

Hon. Mrs. Smith: Thank you . . . (inaudible interjection) . . . No, I don't think the member from Regina North is very much of a help at all. The member from Saskatoon South . . . First of all, his basic premise is wrong from two points. You say that this is the engine of growth, and I've said to you that's exaggerated. It is simply one within a lot of options that provinces have in looking at the industries that will be viable, that it can pick up on the resources that are there.

One other premise that you've made is wrong, and that is that this has lost this province money. And I say that from

a factual point of view in looking at the statistics: number one, it has actually made revenue - not lost - made. I've given you the figure of \$340 million. And I stand by that. And let me explain some of the reasons why I do.

First of all, you are not going to be able to judge an industry nor the success of government policy simply on revenue only. There must be some other factors. One of those factors are jobs. Another factor is investment. You've got a tax base - R.M. taxes plus other taxes that flow in. You've got the leases to farmers, permits, land sales - a variety of measures that determine whether those policies are working or not.

You have also, my good friend, made the assumption that if no policies . . . if no change would have taken place in the policy, that there would have been no shut-in wells, and that you would have continued to drill the same number of wells. That is totally incorrect. Totally. If you believe that, then you do not know this province and its producing areas. Nor have you taken the time to seriously talk to such people like NCO (North Canadian Oils) who you travelled with to the opening of Richmond. You haven't taken the time to look at, for example, even the media people that deal with the financial aspect of covering government policy. That assumption is wrong, totally wrong.

Those wells . . . There would have been more wells shut in. And I will remind you that even with the policy change, Mr. Deputy Chairman, there was still 3,000 wells shut in. And we collect no money on shut-in wells. None. . . . (inaudible interjection) . . . You can set that royalty as high as you would like, but it isn't going to do you a bit of good if the well is shut in. It doesn't do you any good; it doesn't do the province any good; obviously it doesn't do the company any good; and it doesn't do the R.M. any good either where they have a share in the tax base.

So you have to look at some of those factors, and that's why I say that your basic premise is wrong on this.

Mr. Rolfes: Madam Minister, I suppose we could go around and around on this. We're certainly not going to agree, I assume. But, Madam Minister, it wasn't me who coined the industry as an engine of economic growth. I want you to look at the estimates, and I read from the hon. Mr. Schoenhals. These are the estimates of May 9, 1985. The hon. Paul Schoenhals says the following:

From the outset, all parties to the process shared a common objective. We said that a new energy policy for Canada must create an atmosphere in which the petroleum sector could act as an engine of economic growth.

And Marcel Masse agreed, and I can get you the document where Marcel Masse agreed with the minister of Saskatchewan that the oil industry should become, and must be, the engine of economic growth. What I'm simply saying to you is that if you're going to change your policies, because that is your prime objective, then certainly the oil industry will have you at their mercy; that if you will not change their policies, they will simply say, yes we're going to go somewhere else.

The problem, Madam Minister, is that you treat this energy as though there is unlimited amount of oil. We all know that conventional oil is very limited and if you, for example, don't take care, you're going to run out of conventional oil by the 1990s or the mid-1990s. These again are not my figures. These are figures that come from your counterpart in Alberta. Mr. Webber has been quoted as saying that conventional oil will run out about the mid-90s, and that he is trying to convince the federal government that we need to start some projects on stream with heavy oil.

What I'm saying to you is: if you're going to give it away, if you're going to make your policies and your royalties so generous that we get little return to the treasury, then I'm saying you're doing a disservice to the people of Saskatchewan because, by the 1990s or the mid-90s, there won't be any conventional oil left. What I'm saying to you, Madam Minister, if you work it out - if you had not changed the policies, either of 1982 or of 1983, when you were the government; if you had not changed your policies of 1983, we still would have had about \$300 million a year more if you had left those royalties in effect of 1983. Those are your own policies.

But if you had left in effect the policies of 1982, when we were the government, I'm saying that you would have received an additional \$1.5 billion, or thereabout. Not only that, Madam Minister, you would have had an additional 400 million barrels of oil in the ground which does not spoil, Madam Minister. And they, in times when oil prices are high, would have returned a very decent revenue to the province of Saskatchewan.

One of the things, Madam Minister, that you did in your policies was simply changed the spacing, so that you didn't have new exploratory wells. Many of the wells that came on production were infill wells. In other words, they simply drilled the wells closer together. They were pretty certain that oil would be there, and you gave them the incentives to drill for those wells. And all that the oil companies simply did was they drilled the wells on closer spacings, put the oil out at a faster rate, and we are short of the oil now, and we didn't get the returns that we should have received.

What I'm saying to you, Madam Minister, is that I think you did a disservice to the people on two accounts. You got rid of the oil of 400 million barrels, which you wouldn't have had to. And secondly, you didn't get the return that, for the people of Saskatchewan, that you should have received. And on . . . I don't think that you can argue those points. They're there for you to observe and for you to admit.

Secondly, Madam Minister, as I pointed out before, if the oil industry didn't become the engine of economic growth, you have a very sluggish economy. You had it for the last number of years - at least for two years now. The oil industry has not picked up that slack. The economic growth is either the worst or the second worst in all of Canada.

People are leaving this province because you aren't providing the jobs that are necessary. I indicated to you, if this continues we'll have 24,000 people moving away

from this province. And one of your commitments in 1982 was, and the Premier said, let's bring the young people home. Now they're leaving this province. They're leaving this province at a rate that is unprecedented since the 1930's.

And what I'm saying to you, Madam Minister, is that if you continue with this policy in energy you will not provide the Minister of Finance or the Minister of Education with sufficient funds so that they can provide us and the people of Saskatchewan and our young people with good health care, good social services, and good educational care.

(1645)

I think there's got to be a change in your policy. I want to ask the minister again: when are you going to, in the light of the present price of oil, when are you going to start initiating changes in your oil policy and your oil royalties which will take into effect the increase in the price of oil?

Hon. Mrs. Smith: Mr. Chairman, just aside . . . The member from Saskatoon Riversdale has asked me what the Petroleum Club says these days. I want him to know that I wouldn't know. Perhaps he's not aware . . . However, I would have thought that maybe he is aware that women are not allowed into the Petroleum Club. Obviously, he hasn't learned that yet.

Mr. Member from Saskatoon South, I want to take you back to your opening quote. I believe you were quoting Paul Schoenhals when he had been minister. Is that correct? And you said, this is "the" engine of growth, which takes me back to what I said before. It is not "the" engine of growth, like it is one. It is one of many. It is simply an engine of growth. Okay.

Let me comment on a few other points that you made. First of all, I want you to know that there were no threats levied in 1986 when the price of oil went down. That doesn't happen. What does happen is smaller companies like the service and supply companies within communities simply lay people off. Some of them go on UIC (Unemployment Insurance Commission); others leave the province, perhaps go back to Alberta if, in fact, they have been of the transient nature and following the rigs. You certainly see the rigs leave the province. But there's no threats made, and I don't know why you would say there are when there aren't.

You begin to see wells shut in. We know that from the field reports that come through Energy and Mines, and this happens to other industries, too, when times get tough. And it is perhaps one of the reasons why government, and its respective ministers, should know the people and the factors that impact within an industry. I think you, as a teacher, would agree with that - that the Minister of Education should be well aware of the various factors that keep a quality teaching force in this province. And I know that you would agree with that statement.

The same thing is not . . . it's not much different when it applies to an industry, regardless of what the industry may be. I'm well aware of Mr. Webber's . . . the Hon. Neil

Webber, Minister of Energy and Mines for Alberta, in his statement about the conventional oil. He is not the first person that has said we will run out of conventional oil by such and such a time. I believe there's various studies around, including one through the National Energy Board, that would show that.

All the more reason, Mr. Member, that we be very active in finding our reserves in this province, because our reserves are heavy oil. And one of the reasons that there is a good possibility of a very bright future for heavy oil is because we will, in fact, run out of conventional oil first.

Now just looking at that argument by itself would tell you that you should be pro-active in terms of the development of the resource. Now the only way you know that you have the resource, or if there are, in fact, any reserves down there, is to drill a well. Reserves are based on your product, productivity. You don't know what's there until the actual well is drilled. I have to also remind you that Saskatchewan's royalty rate, with the changes, remains the highest in North America, and it certainly doesn't please every one.

In essence, Mr. Deputy Chairman, when I compare this part of the energy policy, and I compare it to what was in place in the past, I can only say that this one works very well. The past one was very ineffective and costly, as the member well knows, because he was a cabinet minister of the government of the day, with a very ineffective costly program where people got pay in cash dollars to drill a well. That is not what happens in this program, and he knows that also.

I think if he were to go back and look at the record of what actually took place under the old incentive program . . . and I don't believe you called it concessions at that time; I believe it was put out as an incentive program. Now I'm not sure what the difference is between an incentive program in 1981 and why it should be termed anything different in 1987, unless it's simply for political expediency, and perhaps that's a consideration to take into account.

Looking at the stats, Mr. Member . . . and you talk about the out migration, and you are saying it is because of the ineffective policy of energy of the government. Let me remind you, while you toss around figures on out migration, you should also talk about what has come into the province over the last five years, since 1982 the growth of the population. I think it also deserves to be reminded that we have the second, the second lowest unemployment rate in Canada, and yet you didn't mention that.

And in particular, Mr. Member, let's take a look at the unemployment rate in Regina, 5.5. Now I think some of that is due to our energy policies that include the NewGrade and the Co-op upgrader. I mean, we're going to see 2,000 people working out there at the peak period come October.

And I remind you again, the unemployment rate in Regina today is 5.5. I think that's a very healthy indication. And some of that can be contributed to the fact that the Co-op upgrader is being done.

Some Hon. Members: Hear, hear!

Mr. Rolfes: Madam Minister, you accuse me of leaving out some things, but so I could accuse you. Certainly the unemployment rate in Regina is 5.5. You didn't mention the one in Saskatoon has been over 10 per cent and 11 per cent and 12 per cent for the last two or three or four years.

So we've got 10,000 people on the hospital waiting list because your government can't provide sufficient funds for hospitalization. And I say that's due, in some part, because you don't get sufficient revenues from the energy sector.

Madam Minister, you say that our policies weren't effective from 1971 to 1981. I want to tell the minister, from 1971 to 1981 this province didn't experience one, not one, unbalanced budget.

Some Hon. Members: Hear, hear!

Mr. Rolfes: We had surpluses in each one of those years. Madam Minister, we gave you a surplus of \$140 million when you formed the government. We gave you a surplus of \$140 million. You are handing the people of this province a cumulative deficit of \$3.4 billion.

Now you're saying, Madam Minister, you're saying that your programs have worked so effectively for the people of this province. If they have, why did you create a cumulative deficit of \$3.4 billion if they were so effective? What I'm saying to you, Madam Minister, is that yes, you had a flurry in the oil industry, you've drilled more wells, you took out more oil, but your revenues that you received for them just simply weren't sufficient.

So I mean, Madam Minister, you can't on the one hand say it's been effective, and on the other hand say that, you know, we just didn't get the revenues. And I'm telling you, Madam Minister, because of your policies, you lost \$1.5 billion. And, Madam Minister . . .

An Hon. Member: Lost? Gave away!

Mr. Rolfes: Well, exactly. Gave it away to the oil industries.

Madam Minister, from 1971 to 1981 we had one of the fastest economic activity, fastest growing economy in the country of Canada.

Some Hon. Members: Hear, hear!

Mr. Rolfes: You can't deny that. That's true. I mean we had the lowest unemployment. When we left the government in 1982, the unemployment in Saskatchewan was about 4.7 or 4.8 per cent - 4.7 or 4.8 per cent; that's what it was. And certainly the unemployment in Saskatoon wasn't at 10 per cent.

And in 1982 our people in Saskatoon and in the province of Saskatchewan didn't have to worry, Madam Minister, that they couldn't get into the College of Arts and Science. They didn't have to worry, Madam Minister, that they didn't have money available so that they could attend our

post-secondary educations and technical school and the universities. Now our people can't even attend some of the programs in Saskatoon because your Minister of Education says he can't afford it, and he's shut them down.

What I'm saying to you, Madam Minister, is simply this: I think you need to change your program in the energy sector. And what you need to do, you've got to put some emphasis on revenues - you've got to put some emphasis on revenues. And I don't think that you've done this over the last number of years.

One of your first acts that you did when you formed the government, one of the first acts in the first two or three months, was to substantially reduce the royalties to the oil companies. And sure they applauded you. And certainly some of them came in. I don't deny that. But what did you get in return? What did you get in return? Then you go and you give them a further incentive. You change the spacings. Whereas before they could drill one oil well on 80 acres, now you've said to them, hey, we would like to have more wells drilled, so we'll give you an added incentive and you can drill now on every 40 acres. And naturally you had more wells drilled.

But what you did was you pumped the oil out at a faster rate in known wells, in known discoveries. You didn't have the exploratory wells to the extent that you should have had with the incentives that you gave to the oil companies.

And what I'm saying to you, Madam Minister, is I think that you have to start looking at changing some of those policies, particularly now that the oil price has gone up to \$22, over \$22 a barrel. Why aren't you starting and looking at changing those policies so that more revenues will flow to the treasury, so that the Minister of Education and the Minister of Health can provide more moneys for education and for health? Why don't you recommend that to the treasury board?

You were very quick last December 23 to recommend changes to the oil royalties, and by your own admission, Madam Minister, you admitted that there was very little activity from December to April. *Oil Week* reports that there's very little activity. So did your incentives work? I say no, they didn't.

Then along comes the federal Minister, Marcel Masse, and he puts in an incentive of 350 million for Alberta and Saskatchewan primarily. It went over to western provinces, I know, but most of it went to Alberta and Saskatchewan, and you estimated, madam Minister, you estimated that you would get about 100 to \$150 million from 350 incentive program. If that is true, why then are you still saying that you will only drill approximately 1,100 or 1,200 or 1,300 wells this year?

I'm saying to you, either your program didn't work because you told us last December that you expected to drill an additional 1,100 wells - Marcel Masse comes along with an incentive program of 350 million, you expect 100 to 150 million from that - and you're still saying that you're only going to drill 11, 12, or 1,300 wells. Marcel Masse says that it should increase the

activity considerably.

I know, Madam Minister, that each well drilled in Saskatchewan costs, I believe, between 3 and 500,000. I believe that's correct on the most part. Now if you take \$150 million, you should have expected - if my calculations are correct, and I believe they are - you should have expected about 500 additional wells. Why don't we have those 500 additional wells? Either your policy didn't work and you threw money down the drain, or the federal policy didn't work and they threw money down the drain.

Now you can't have it both ways. Either you were wrong last December, or you should have said to the federal Minister of Energy; hey look it, keep your program. We don't need it, because it's not going to increase the activity in the oil fields. So what I'm saying to you, Madam Minister, is that either you threw the money away, or the federal government threw the money away. You can't have it both ways.

Now, Madam Minister, for next day will you please give me the answers to whether you were overestimating last December when you announced your program, or was Marcel Masse simply throwing away the money, the federal moneys, and had no effect in the oil field whatsoever? Okay? Would you provide that for me next time? Were you wrong, or was the federal minister wrong?

Now why don't we have estimates of 16, 17, or 1,800 wells? It's a question I asked the other day; I did not get an answer to that. Yes.

Hon. Mrs. Smith: Mr. Chairman, the member has not done his homework, and he is not making sense. And his argument of this give-away is just total nonsense. It has been from day one. And I can't believe that he believes he has any kind of credibility standing there and doing it. But he does; he obviously believes that.

Mr. Chairman, we have the highest royalty rate in North America, with the changes. It is double the royalty rates in Alberta. Somehow the member thinks that you can tax somebody ... And let me use him as an example, Mr. Chairman. His salary of, let's say \$30,000 a year, and he's got a tax from income tax at that level of 30,000. If his salary all of a sudden drops to 15,000, does he expect the same level of taxation? Of course not. Of course not. That doesn't even make sense.

You know, I want to take him back to 1975. You had a land sale, Mr. Member. And you tell us we should be concerned about revenue. The member's interested.

Mr. Chairman: Order, please. Order. A question was asked; I would like the minister to have the opportunity to answer it.

Hon. Mrs. Smith: Mr. Chairman, if I can briefly tie up before supper. Mr. Chairman, we are concerned about revenues when we look at the policy. We are concerned with jobs. We on this side of the House know that it isn't a simple matter of revenues. I don't think that guy knows how to put a policy in that, in fact, takes into account

what makes revenue. People make revenue and people are jobs.
It's that simple, and he doesn't understand it.

Some Hon. Members: Hear, hear!

The committee reported progress.

The Assembly adjourned at 5:05 p.m.